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SECRET

MEMORANDUM FOR THE PRESIDENT

Subject: Estimated Cost Palestine Refugee Program

1. An expenditure of $250-275 million over the next three years is estimated to be necessary for repatriation and resettlement of 700,000 Arab refugees on a self-sustaining basis (Tab A). Costs may be greater if a coordinated program cannot be carried out with full cooperation of the states concerned on the basis of sound planning and administration. The program as contemplated would involve capital development projects such as irrigation, rural industries and village development, as well as an interim relief and work program (Tab B).

2. Overall responsibility for the refugees should remain with Israel and the Arab states. Outside assistance should be under United Nations auspices. It is in the national interest of the United States, however, that the program be carried out successfully, and the United States should be prepared to aid Israel and the Arab Governments to this end through appropriate financial and technical assistance.

3. In order to assure success of the program the United States should be prepared to furnish as a grant that portion of the total cost that remains after loans from the International and Export-Import Banks, compensation by Israel and contributions by the states concerned, Great Britain and other United Nations states, and by private and commercial organizations. On the basis of estimated maximum and minimum contributions from these sources, it would be necessary to ask the United States Congress for a contribution to this program in the form of a grant of $120-150 million over the next three years, or $40-50 million a year. No plan will be made, however, involving contributions by the United States as a grant exceeding about 50 per cent of the total cost of the program, based on best available estimates of amounts likely to be forthcoming from the other sources listed above, without seeking new authority.

4. The segment of this assistance which the International Bank and the EX-IM Bank may choose to finance is uncertain in view of the financial risks involved. For that reason participation of the banks is assumed to the extent of only $15 million as a minimum and $50 million as a maximum.

DEAN ACHESON

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